



Fair Political Practices Commission

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NEWS ADVISORY

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FPPC addresses \$100,000 limit on candidate personal loans Aug. 5 *SEI filing for federal members of state agencies also on agenda*

In light of recent litigation and pending legislation related to the \$100,000 personal loan limit for state candidates, the Fair Political Practices Commission will consider re-examining prior interpretation of the limit at its monthly meeting on **Thursday, August 5**.

The meeting begins at 9:45 a.m. in the FPPC's eighth-floor hearing room at 428 J St. (Fifth and J Streets) in Sacramento.

Section 85307 of the Political Reform Act provides that a candidate for elective state office may not personally loan to his or her campaign an amount with an outstanding balance of more than \$100,000. In the past, the commission has interpreted the section to mean that loans made to a candidate by a commercial lending institution, on terms available to members of the general public, do not count toward the limit (FPPC Regulation 18530.8 (c)).

In *Camp v. Schwarzenegger*, however, the Sacramento Superior Court in 2003 held that, regardless of the original source of the funds, a candidate may not loan more than \$100,000 to his or her campaign. Since the ruling, legislation has also been introduced to conform state law with the court's findings.

At Thursday's meeting, the commission will discuss whether to reconsider issues related to the personal loan limit. According to a staff memorandum prepared by Commission Counsel Natalie Bocanegra and General Counsel Luisa Menchacha, "When a statute is capable of more than one reasonable interpretation, it is appropriate to turn to extrinsic sources for assistance. As a result, the Commission has, as an option, the ability to reaffirm its adoption of regulation 18530.8(c) or to alter its interpretation." Following this month's discussion, adoption of regulatory changes may take place in October 2004. **(Agenda Item #15)**

The commission will also review possible legislative amendments to address the recent refusal by federal representatives on the California Bay-Delta Authority to file Statements of Economic Interests (SEIs). In January, the Bay-Delta Authority requested advice about its federal members' SEI filing obligations under the Political Reform Act. FPPC staff concluded in an advice letter that they lacked the authority to advise that federal representatives were not required to file under existing law. Federal members of state agencies expressed concern about

filing state SEIs in addition to the disclosure required by federal law.

FPPC staff has helped in drafting potential legislative amendments that would modify the definitions of “designated employee” (one required to file SEIs) and “public official.” The legislation would address the SEI filing issue for all federal employees serving in their official capacities on state and local agencies. The commission will discuss the proposed language and may seek to include it in an existing, commission-sponsored bill. **(#16)**

In other business, the commission will consider 16 stipulated enforcement agreements. Enforcement actions on Thursday’s agenda include: one case related to conflict-of-interest violations; one case involving campaign money laundering; eight cases related to campaign reporting violations; and six enforcement actions against public officials who failed to timely file Statements of Economic Interests. Fine amounts in these matters range from \$100 to \$23,000. Proposed enforcement stipulations, orders and exhibits can be obtained on the FPPC website by clicking on the link in that agenda item. **(#3 - #11)**

Memoranda regarding other items on the agenda are accessible by clicking on the links in those agenda items on the website. Letters responding to items on the agenda after it was posted on the website 10 days prior to the meeting can be found at the top of the agenda on the website.

The agenda is posted on the FPPC website at: www.fppc.ca.gov. Click on “Agendas” on the left side of the home page, and go to “Current Agenda.”

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